

## **Fact Sheet KY Biodiesel Tax Credit**

This fact sheet includes the main bullet points from HB 272. As a reminder, the tax credit can only be used against taxes imposed by KRS 141.020 and KRS 141.040 (individual income and corporation taxes) and is not a credit against motor fuels tax. If you have specific questions about the tax credit, please contact the Revenue Cabinet 502.564.8139, <http://revenue.ky.gov/>

The biodiesel tax credit was proposed in the Kentucky 2005 Regular Session, House Bill 272 <http://www.lrc.ky.gov/record/05RS/HB272/bill.doc>

The bill was signed into law on March 18, 2005 and incorporated into the Kentucky Revised Statutes, KRS Chapter 141.422 to 141.425, <http://www.lrc.ky.gov/KRS/141-00/CHAPTER.HTM>

- Producers and blenders of biodiesel are entitled to tax credit against taxes imposed by KRS 141.020 or KRS 141.040.
- Total annual credit cap for all producers and blenders of biodiesel is \$1,500,000.
- Credit equal to one dollar per gallon of produced or blended biodiesel unless total amount of approved credit for all taxpayers exceeds annual cap.
- Department of Revenue (DOR) determines amount of approved credit based upon fuel produced or blended in the preceding calendar year.
- Nonrefundable credit
- Taxpayer must file claim for biodiesel credit with DOR by January 15th each year.
- DOR must issue credit certification to taxpayer by April 15th each year.
- Credit shall be claimed on return filed for the first fiscal year ending after the close of the preceding calendar year in which the biodiesel was produced or blended.
- The credit shall not be carried forward to a return for any other period.
- If total amount of approved credit exceeds \$1,500,000 cap, the Department of Revenue shall determine the amount of credit each taxpayer receives by prorating.
- Prorating shall be determined by dividing credit for each individual taxpayer by total eligible credit for all taxpayers then multiplying by the \$1,500,000 cap.